

The Economics and Financing of Health Care Delivery

HCMG 2020 | ECON 0630

Spring 2023

Contact Information

Instructor: Professor Alexander L. Olssen

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Office hours: Tuesday 12:30 pm-1:30 pm (Colonial Penn Center 302)

Teaching Assistant: Alejandra Benitez

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Office hours: Thursday 2:00 pm-3:00 pm (Colonial Penn Center Faculty Lounge)

Lectures

Lectures: Tuesday and Thursday 3:30 pm-4:59 pm (CPCR AUD)

Course Overview

By examining scarcity, incentives, and trade-offs, the Economics and Financing of Health Care Delivery will dissect critical issues we face when consuming, producing, delivering, and financing health care. Topics include the demand for and supply of health, health care, and health insurance; the unique roles of patients, providers, and payers; and economic phenomena that are pervasive in health care, including asymmetric information, externalities, market power. Special emphasis is placed on insurance design, payment models, market failures, and the role of public and private policy solutions.

Course Materials

Lecture Slides: Slides will be available before every lecture.

Readings: The *optional* textbook is “Health Economics”, by Bhattacharya, Hyde, and Tu, 1st ed., *Bloomsbury Publishing*. Copies will be available from the Lippincott Library reserve desk. Some lectures will have journal articles as required readings.

Website: The course website is at <https://canvas.upenn.edu/courses/1704741/>.

Grading

Your grade depends on assignments, two in-class tests, and class participation.

Assignments	30%
First In-Class Test	30%
Second In-Class Test	35%
Class Participation	5%

Grade ranges: A-/A/A+ [90%-100%], B-/B/B+ [80%-90%], C-/C/C+ [70%-80%), D [60%-70%).

Assignments: There will be four problem sets, which will cover materials from lectures and required readings. Late assignments will not be accepted without prior arrangement. To accommodate for unanticipated events, illness, or schedule conflicts, your lowest-scoring assignment will be ignored when calculating your grade (your top three assignments are each worth 10%). You may work on assignments in small groups of up to four students. Each student should submit their own individual solutions and indicate who they worked with.

First In-Class Test: The first in-class test will be 90 minutes long and will take place on March 2nd, 2023 (instead of class on that day). The test will be closed book; no materials will be allowed. You may bring a calculator to the test, however you should not need one.

Second In-Class Test: The second in-class test will be 90 minutes long and will take place on April 25th, 2023 (instead of class on that day). The test will be closed book; no materials will be allowed. You may bring a calculator to the test, however you should not need one. If your on the first in-class test score is lower than your score on the second in-class test, then your first test score will be ignored when calculating your grade (i.e., your first in-class test will be worth 0% and your second in-class test will be worth 65%).

Questions about grades: You should email your teaching assistant with any questions about grades. Please email specific questions about grades to your teaching assistant within one week of grades being posted on Canvas. Your teaching assistant will schedule a meeting with you. If you ask for regrade, the entire assessment may be regraded and your grade may increase or decrease.

Class Policies

Attendance: On-time attendance is expected for all lectures. You should remain in attendance for the entire duration of lecture (or let me know in advance if you must leave early).

Academic Integrity: All work must meet the standards of the University of Pennsylvania's Code of Academic Integrity (<https://catalog.upenn.edu/pennbook/code-of-academic-integrity/>). Lack of knowledge does not excuse a violation.

Schedule

Test dates are **final**. Other dates may change.

Monday	Tuesday	Wednesday	Thursday	Friday
Jan 9	Jan 10	Jan 11 First Day of Classes	Jan 12 Health Expenditure Trends	Jan 13
Jan 16 MLK Day	Jan 17 Microeconomics Review	Jan 18	Jan 19 Intro to Health Care Markets	Jan 20
Jan 21	Jan 22 Health and Health Care Demand	Jan 23	Jan 24 Health Gradient	Jan 25
Jan 30	Jan 31 Health Gradient	Feb 1	Feb 2 Health Behaviors	Feb 3
Feb 6	Feb 7 Health Behaviors	Feb 8	Feb 9 Health Insurance Theory	Feb 10 Assignment 1 due
Feb 13	Feb 14 Health Insurance Theory	Feb 15	Feb 16 Asymmetric Information	Feb 17
Feb 20	Feb 21 Asymmetric Information	Feb 22	Feb 23 Asymmetric Information	Feb 24 Assignment 2 due
Feb 27	Feb 28 First Test Review	Mar 1	Mar 2 First In-Class Test	Mar 3
Mar 6 Spring Break	Mar 7 Spring Break	Mar 8 Spring Break	Mar 9 Spring Break	Mar 10 Spring Break
Mar 13	Mar 14 US Health Insurance	Mar 15	Mar 16 US Health Insurance	Mar 17
Mar 20	Mar 21 US Health Insurance	Mar 22	Mar 23 Health Care Productivity	Mar 24
Mar 27	Mar 28 Health Care Productivity	Mar 29	Mar 30 Health Care Productivity	Mar 31 Assignment 3 due
Apr 3	Apr 4 Provider Incentives	Apr 5	Apr 6 Provider Incentives	Apr 7
Apr 10	Apr 11 Antitrust in Health Care	Apr 12	Apr 13 Medical Innovation	Apr 14
Apr 17	Apr 18 Medical Innovation	Apr 19 Assignment 4 due	Apr 20 Second Test Review	Apr 21
Apr 24	Apr 25 Second In-Class Test	Apr 26 Last day of classes	Apr 28	Apr 29